



an e-on company

RECEIVED

JUL 01 2008

PUBLIC SERVICE  
COMMISSION

Stephanie L. Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

**Kentucky Utilities  
Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.eon-us.com

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

July 1, 2008

RE: *The Plan of Kentucky Utilities Company for the Future  
Disposition of the Merger Surcredit Mechanism*  
Case No. 2007-00563

Dear Ms. Stumbo:

Kentucky Utilities Company files herewith an original and four (4) copies of its revised General Index, Sheet No. 1, and its revised Merger Surcredit rate schedule, Sheet Nos. 73 and 73.1. This filing is made in compliance with Ordering Paragraph (3) of the Commission's Order dated June 26, 2008, in the above referenced proceeding.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

<b>GENERAL INDEX</b>		
<b>Standard Electric Rate Schedules – Terms and Conditions</b>		
<u>Title</u>	<u>Sheet Number</u>	<u>Effective Date</u>
General Index	1	07-01-08
<b>SECTION 1 - Standard Rate Schedules</b>		
RS Residential Service	5	05-02-08
VFD Volunteer Fire Department Service	6	05-02-08
GS General Service	10	05-02-08
AES All Electric School	15	05-02-08
LP Large Power Service	20	05-02-08
LCI-TOD Large Commercial/Industrial Time-of-Day Service	25	05-02-08
MP Coal Mining Power Service	30	05-02-08
LMP-TOD Large Mine Power Time-of-Day	35	05-02-08
LI-TOD Large Industrial Time-of-Day Service	38	05-02-08
St. LT. Street Lighting Service	40	05-02-08
P.O. LT. Private Outdoor Lighting	41	05-02-08
SQF Small Capacity Cogeneration Qualifying Facilities	45	06-30-08
LQF Large Capacity Cogeneration Qualifying Facilities	46	04-17-99
CTAC Cable Television Attachment Charges	47	01-01-84
NMS Net Metering Service	48	02-10-05
Special Charges	49	01-01-84
<b>SECTION 2 – Riders to Standard Rate Schedules</b>		
CSR1 Curtailable Service Rider 1	50	07-01-04
CSR2 Curtailable Service Rider 2	51	07-01-04
CSR3 Curtailable Service Rider 3	52	07-01-04
IFL Intermittent/Fluctuating Load Rider	53	03-01-00
EF Excess Facilities	54	07-01-04
KWH Kilowatt-Hours Consumed By Lighting Units	55	03-01-00
TS Temporary/Seasonal Service Rider	56	06-01-00
RC Redundant Capacity	57	07-01-04
LRI Load Reduction Incentive Rider	58	08-01-06
GER Green Energy Riders	59	05-31-07
BDR Brownfield Development Rider	501	03-07-08
<b>SECTION 3 – Pilot Programs</b>		
STOD Small Time-of-Day Service	62	05-02-08
<b>SECTION 4 – Adjustment Clauses</b>		
FAC Fuel Adjustment Clause	70	12-03-07
DSM Demand-Side Management Cost Recovery Mechanism	71	05-02-08
ECR Environmental Cost Recovery Surcharge	72	10-31-03
MSR Merger Surcredit Rider	73	07-01-08
VDSR Value Delivery Surcredit Rider	75	04-01-06
FF Franchise Fee Rider	76	10-16-03
ST School Tax	77	07-01-04
HEA Home Energy Assistance	78	10-01-07

**Date of Issue: July 1, 2008**  
**Canceling Twenty-Fourth Revision of**  
**Original Sheet No. 1**  
**Issued May 30, 2008**

**Issued By**

**Date Effective: With Bills Rendered**

**On and After**  
**July 1, 2008**

*Lonnie E. Bellar*  
**Lonnie E. Bellar, Vice President**  
**State Regulation and Rates**  
**Lexington, Kentucky**

**Issued By Authority of an Order of the KPSC in Case No. 2007-00563 dated June 26, 2008**

**MSR  
Merger Surcredit Rider**

**APPLICABLE**

In all territory served.

**AVAILABILITY OF SERVICE**

To all electric rate schedules.

**RATE**

The monthly billing amount computed under each of the rate schedules to which this surcredit is applicable shall be adjusted by the Merger Surcredit Factor, which shall be calculated in accordance with the following formula:

$$\text{Merger Surcredit Factor} = \text{MS} + \text{BA}$$

**Where:**

**(MS)** is the Merger Surcredit which is based on the total Company savings that are to be distributed to the Company's Kentucky jurisdictional retail customers in each 12-month period beginning July 1, 1998.

	Savings to be Distributed	Merger Surcredit (MS)
Year 1	\$ 6,008,699	0.972%
Year 2	\$ 8,764,133	1.387%
Year 3	\$11,824,431	1.836%
Year 4	\$12,978,580	1.979%
Year 5	\$14,287,560	2.139%
Year 6	\$17,898,933	2.646%*
Year 7	\$17,898,933	2.568%
Year 8	\$17,898,933	2.503%
Year 9	\$17,898,933	2.442%
Year 10	\$17,898,933	2.389%
Year 11, (Jul 1, 2008 to Jan 31, 2009)	\$ 6,155,555	0.868%
Succeeding Annual Periods beginning Feb 1, 2009	\$12,311,109	1.013%

\*Reflects the average factor for the year. Actual application determined by the Final Order in PSC Case No. 2002-00429.

**(BA)** is the Balancing Adjustment for the second through the twelfth months of the current distribution year which reconciles any over- or under-distribution of the net savings from prior periods. The Balancing Adjustment will be determined by dividing the differences between amounts which were expected to be distributed and the amounts actually distributed from the application of the Merger Surcredit Factor from the previous year by the expected Kentucky jurisdictional retail electric revenues. The final Balancing Adjustment will be applied to customer billings in the second month following the termination of the Merger Surcredit.

Date of Issue: July 1, 2008  
Canceling Original Sheet No. 73  
Issued July 20, 2004

Issued By  
  
Lonnie E. Bellar, Vice President  
State Regulation and Rates  
Lexington, Kentucky

Date Effective: With Bills Rendered  
On and After  
July 1, 2008

Issued By Authority of an Order of the KPSC in Case No. 2007-00563 dated June 26, 2008

T

N  
N

T

**MSR**

**Merger Surcredit Rider**

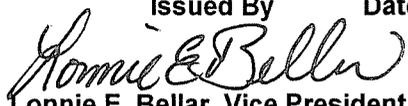
**TERMS OF DISTRIBUTION**

- (1) The total distribution to Company's customers will, in no case, be less than the sum of the amounts shown above for Year 1 through Year 11, plus one-twelfth of the amount shown for Succeeding Annual Periods for each billing month the Merger Surcredit is effective beginning February 1, 2009.
- (2) On or before the 21st of the first month of each distribution year following Year 1, the Company will file with the Commission a status report of the Surcredit. Such report shall include a statement showing the amounts which were expected to be distributed and the amounts actually distributed in previous periods, along with a calculation of the Balancing Adjustment (BA) which will be implemented with customer billings in the second month of that distribution year to reconcile any previous over-or under-distributions.
- (3) The Merger Surcredit shall be applied to the customer's bill following the rates and charges for electric service, but before application of the school tax, the franchise fee, sales tax or similar items.
- (4) The Merger Surcredit shall terminate as of the effective date of the Company's electric base rates change approved by the Commission.

T  
↓

T  
↓

**Date of Issue: July 1, 2008  
Canceling Original Sheet No. 73.1  
Issued July 20, 2004**

**Issued By**  
  
**Lonnie E. Bellar, Vice President  
State Regulation and Rates  
Lexington, Kentucky**

**Date Effective: With Bills Rendered  
On and After  
July 1, 2008**